

## CAPITAL CONSTRUCTION - SUMMARY OF KEY RECOMMENDATIONS

### CAPITAL PROJECTS

The executive recommendation includes a total of \$747,153,830 for capital projects. As reflected in the following schedules, the total includes:

- \$162,193,588 for major capital projects.
- \$11,793,923 for extraordinary repairs.
- \$573,166,319 for other projects (including \$504,001,529 for the Department of Transportation and \$43,022,460 for the State Water Commission).

The funding sources for major capital projects and extraordinary repairs and other projects are as follows:

	General Fund	Special Funds
Major capital projects	\$1,841,255	\$160,352,333
Extraordinary repairs	3,329,159	8,464,764
Bond payments	18,249,556	2,146,611
Other projects	334,000	552,436,152
Total	\$23,753,970	\$723,399,860

### STATE FACILITY ENERGY IMPROVEMENT PROGRAM

North Dakota Century Code Section 54-44.5-08 (1999 Senate Bill No. 2312) establishes the state facility energy improvement program and provides that all state agencies and institutions should, with the assistance of the Office of Management and Budget, identify capital improvements which may result in energy savings. Those capital improvement projects which are selected to be implemented are financed with the resulting savings in energy costs.

The executive recommendation includes a total of \$2,331,554 for state facility energy improvement program capital improvements at the University of

North Dakota. This total includes projects in nine separate buildings, and the average estimated payback period is seven years.

### LEASE PAYMENTS

The executive recommendation includes a total of \$18,021,705 from the general fund for 2005-07 biennium lease payments for repayment of notes issued to finance capital projects. Funding is included in the budgets for the North Dakota University System, Department of Human Services, Department of Corrections and Rehabilitation, Adjutant General, State Department of Health, and Job Service North Dakota.

North Dakota Century Code Section 54-17.2-23 limits the amount of lease payments paid from the general fund for a biennium to 10 percent of an equivalent one-cent sales tax. This maximum for the 2005-07 biennium is estimated to be \$19,482,600 based on projected sales, use, and motor vehicle excise tax collections included in the 2005-07 executive budget.

The executive budget recommendation includes bonding for \$25,555,758 of capital projects during the 2005-07 biennium. The executive budget anticipates capitalizing the interest on these bonds for three years rather than two years, as previously done. By capitalizing the interest for three years, the first bond payment will be delayed until the second year of the 2007-09 biennium, which allows the state to bond for the recommended \$25,555,758 of capital projects during the 2005-07 biennium and still keep the bond payments for the 2007-09 biennium within the statutory limit of 10 percent of 1 percent of sales tax.

Please see the schedule on capital construction lease payments and outstanding principal balances for additional information.